United Nations E/1999/14

Economic and Social Council

Distr.: General
14 June 1999

Original: English

Substantive session of 1999
Geneva, 5–30 July 1999
Item 10 of the provisional agenda*
Regional cooperation

Regional cooperation in the economic, social and related fields

Report of the Secretary-General

Summary

At its substantive session of 1998, the Economic and Social Council adopted resolution 1998/46 on further measures for the restructuring and revitalization of the United Nations in the economic, social and related fields, annex III of which includes guidance provided by the Council to the regional commissions, following the completion of its review of their respective reforms. The Council recognized the dual role of the regional commissions as outpost of the United Nations and as the regional expression of the Organization, and in this respect its overall guidance stressed linking the activities of the regional commissions more effectively with the overall activities of the Organization in the economic sectors and close cooperation between the regional commissions and other intergovernmental bodies in their respective regions.

The present report updates the Council on actions taken by the regional commissions with respect to the guidance given, including on measures undertaken by the regional commissions to consolidate reform and achieve greater effectiveness and efficiency. A review of the regional commissions' cooperation with other non-United Nations regional bodies is contained in addendum 1 to the present report (E/1999/14/Add.1); a review of selected activities implemented during the period between the Council's substantive sessions of 1998 and 1999, including follow-up activities to recent world conferences, is contained in addendum 2 (E/1999/14/Add.2); and the resolutions and decisions adopted by the regional

* E/1999/100 and Add.1.

99-17804 (E) 150799

commissions during the period under review which require action by the Council or brought to its attention are contained in addendum 3 (E/1999/14/Add.3). In addition, in accordance with Council decision 1999/203, the report reviews in section IV the theme for interregional cooperation, which is "Economic and social issues arising out of the Asian economic crisis: a regional perspective". Finally, in accordance with General Assembly resolution 1823 (XVII) and Economic and Social Council resolution 1817 (LV), the report of the Executive Secretaries is contained in section V of the report.

The summaries of the economic surveys of the five regions have been made available to the Council. The annual reports of the regional commissions contain further background information on the matters dealt with in the present report and its addenda. They are issued as supplements to the *Official Records of the Economic and Social Council*.

Contents

		Paragraphs	*Page*
I.	Introduction	1–4	3
II.	Recent developments, including follow-up to Council resolution 1998/46	5–108	3
	A. The regional commissions as outposts of the United Nations	8–49	4
	1. Participation in the Executive Committee for Economic and Social Affairs and the United Nations Development Group	8–9	4
	2. Cooperation with the Department of Economic and Social Affairs and the United Nations Conference on Trade and Development	10–29	4
	3. Cooperation with the United Nations Development Programme, including the potential for active involvement of the commissions in the United Nations Development Assistance Framework	30–49	7
	B. The regional commissions as the regional expression of the United Nations	50–79	11
	1. Regional hearings in preparation for the Millennium Assembly	50–52	11
	2. Regional coordination meetings under the chairmanship of the Deputy Secretary-General	53–77	11
	3. Cooperation with other regional bodies	78–79	14
	C. Measures undertaken by the regional commissions to consolidate reform and achieve greater effectiveness and efficiency	80–108	15
III.	Trends and activities	109–110	19
IV.	Interregional cooperation	111–159	19
	A. Economic and social implications of the international financial crisis	111–150	19
	B. Cooperation between the regional commissions	151–159	24
V.	Report of the Executive Secretaries	160–166	25

I. Introduction

1. For the past several years, the regional commissions have carried out reforms with differences in content and scope, in accordance with the specificities of their respective regions, which aimed at achieving greater relevance, effectiveness and efficiency. The Economic and Social Council, which was kept abreast of these developments, completed its review of the commissions in 1998. In its resolution 1998/46, annex III, the Council welcomed the reform measures undertaken by the commissions and encouraged them to continue to undertake, as appropriate, further reform measures in consultations with their respective intergovernmental bodies. It also provided the commissions with further guidance for improving the commissions contributions and relevance in the reform process of the United Nations.

2. In its resolution 1998/46, annex II, the Council underscored the dual role of the regional commissions as outposts of the United Nations and as the regional expression of the Organization in which they occupy a niche in the institutional landscapes of their respective regions. With respect to this dual role, the Council's overall guidance stressed linking the activities of the commissions more effectively with the overall activities of the Organization in the economic and social sectors. It also encouraged close cooperation between the commissions and other relevant bodies in order to reinforce synergies and complementarities between the respective programmes of work. The regional commissions acted decisively thereafter, and the report of the Secretary-General reflects the substantial progress that has been achieved in this regard.

3. Under section II.A below, on the regional commissions as outposts of the United Nations, the report reviews developments in linking the activities of the regional commissions more effectively with the overall activities of the United Nations in the economic and social sectors, addressing in particular the commissions' involvement in the activities of the Executive Committee for Economic and Social Affairs and the United Nations Development Group (UNDG) and their cooperation with the Department of Economic and Social Affairs, the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Development Programme (UNDP). Due consideration is also given under section II.B below to the role of the commissions as the regional expression of the United Nations and the involvement of the regional commissions in global events, such as the regional hearings in preparation for the Millennium Assembly, as well as regional coordination meetings. Cooperation with intergovernmental regional bodies outside the United Nations system is highlighted in addendum 1 to the present report (E/1999/14/Add.1).

4. Trends and activities in the context of the most recent and relevant economic and social events, as well as follow-up activities at the regional level to recent global conferences, are briefly reviewed in section III; they are reviewed in detail in addendum 2 to the present report (E/1999/14/Add.2). Section IV of the report addresses the increasing level of interregional cooperation, focusing on the economic and social implications of the international financial crisis. The report of the Executive Secretaries is contained in section V. Resolutions and decisions emanating from the recent sessions of the regional commissions which require action by the Council or are brought to its attention are contained in addendum 3 to the present report (E/1999/14/Add.3).

II. Recent developments, including follow-up to Council resolution 1998/46

5. With respect to the role of the regional commissions as outposts of the United Nations, the Council's guidance included (a) the active participation of the Executive Secretaries of the regional commissions or their representatives in the Executive Committee for Economic and Social Affairs and UNDG; (b) the undertaking of joint exercises or activities in cooperation with the Department of Economic and Social Affairs and UNCTAD; (c) closer cooperation and coordination with UNDP, including the potential for active involvement of the commissions in the United Nations Development Assistance Framework (UNDAF).

6. With respect to the role of the regional commissions as part of their respective regional institutional landscape, the Council's guidance included (a) the holding of regional coordination meetings under the chairmanship of the Deputy Secretary-General for improving coordination among the activities of the organizations of the United Nations system at the regional level; and (b) improved cooperation with other relevant regional bodies in their respective regions, which it covered in addendum 1 (E/1999/14/Add.1).

7. For their part, the regional commissions continued to undertake and strengthen their priority-setting exercises and to make their activities more effective and efficient during the period under review.

A. The regional commissions as outposts of the United Nations

1. Participation in the Executive Committee for Economic and Social Affairs and the United Nations Development Group

8. The Executive Secretaries of the regional commissions have actively participated during the period under review in the meetings and work of the Executive Committee for Economic and Social Affairs. In addition, the Convenor of the Executive Committee appointed the Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC) to head a task force to prepare the collective response of the Executive Committee to the international financial crisis. The resulting report, entitled "Towards a new international financial architecture", which was completed in January 1999, was disseminated widely to delegations, within the United Nations system, including the Bretton Woods institutions, and outside organizations. The regional commissions have also recently submitted to the Executive Committee a project proposal on a comparative study on social safety net programmes. The project, which is to be executed by the five commissions under the coordination of ECLAC, will produce five regional and one interregional overviews on the experience gained in the implementation of safety net programmes (for more details, see sect. IV below).

9. The regional commissions' involvement in the activities of UNDG, especially in the areas of their relevant interest, has also been consistent and regular. They participated in meetings represented by the Coordinator or one of the Executive Secretaries, depending on their availability, and mostly by the Regional Commissions New York Office, which also represented the regional commissions in the working groups and sub-groups of UNDG, as relevant. Among the ongoing areas of active involvement of the regional commissions in the work programme of UNDG, the following may be noted: (a) preparation of the common country assessment and UNDAF guidelines; (b) coordinated follow-up to the major global United Nations conferences, for which UNDAF would be utilized as a monitoring platform; (c) participation in the Working Group on Globalization, established under the guidance of the Deputy Secretary-General, together with other United Nations partners, including the Department of Economic and Social Affairs and UNCTAD; (d) exploring operational implications of the "Right to development"; (e) monitoring and follow-up of the UNDG plan of action relating to the report of the Secretary-General on the causes of conflict and the promotion of a durable peace and sustainable development in Africa (A/52/871–S/1998/318); and (g) implementation of the United Nations House programme.

2. Cooperation with the Department of Economic and Social Affairs and the United Nations Conference on Trade and Development

10. The regional commissions have worked closely with the Department of Economic and Social Affairs and UNCTAD during the period under review. The Department, in cooperation with the regional commissions, held an expert group meeting from 21 to 23 July 1998 in New York on the theme "What we have learned one year into the emerging market countries financial crises". Further, the regional commissions have participated in the project LINK study on short- and medium-term projections of the world economy, which for many years has been gathering senior economists from Governments and institutions to discuss economic forecasts and policy issues. They also continue a good record of cooperation with the Department in the area of research and policy analyses, and collaborate in monitoring and analysing the emerging global and regional trends and macroeconomic policies in their respective major publications, namely, the *World Economic Survey* and the regional economic and social surveys.

11. The Executive Secretaries participated in the UNCTAD Trade and Development Board dialogue with the Second Committee at the fifty-third session of the General Assembly, through video conferencing, on the impact of the Asian financial crisis on their respective regions. The executive heads of the regional commissions and UNCTAD held yearly meetings on areas of common concern and, as of 1999, have exchanged their proposed work programme for the biennium 2000–2001 through the Executive Committee for Economic and Social Affairs.

(a) Collaboration with the Department of Economic and Social Affairs

ECE

12. In close cooperation with the Department of Economic and Social Affairs, which services the Commission on Sustainable Development, the Economic Commission for Europe (ECE) organized a special event on the occasion of the seventh session of the Commission on Sustainable Development during its high-level segment, namely a round table on the theme "Partnership for action towards sustainable consumption". Particular attention was given to the promotion of partnerships between public authorities at various levels: policy and decision makers from central

Governments, regional and local authorities, and representatives of consumers' associations and environmental NGOs. ECE is also collaborating with the Department of Economic and Social Affairs, as well as UNDP and the United Nations Framework Convention on Climate Change, in the elaboration and implementation of a common United Nations system-wide approach to energy and sustainable development at the annual session of the Commission on Sustainable Development in 2001, which will be devoted to energy-related environmental concerns.

13. ECE continued to work closely with the Statistical Division of the Department of Economic and Social Affairs. In this connection, the Conference of European Statisticians, serviced by ECE, is a subsidiary body not only of ECE but also of the Statistical Commission, serviced by the Department of Economic and Social Affairs. The integrated presentation of statistical work in the ECE region, which is the main document of the Conference, includes the work of the United Nations Statistical Division. In addition, statistical projects in central Asia have been carried out in cooperation with the Department of Economic and Social Affairs, and there has been a regular exchange of data on the countries of the ECE region for use in the statistical publications of ECE and the Department of Economic and Social Affairs.

ESCAP

14. In the spirit of the memorandum of understanding signed in 1992 between the Department of Economic and Social Affairs and the regional commissions, the Department participated in two seminars: a high-level seminar on the theme "Managing capital flows: national and international dimensions", jointly organized by the Economic and Social Commission for Asia and the Pacific (ESCAP), the Asian Development Bank, the International Monetary Fund (IMF) and the World Bank at Bangkok in June 1998, and a seminar on the theme "Improved management of the financial sector" held in May 1998. ESCAP also organized, in collaboration with the Department of Economic and Social Affairs and the United Nations Centre for Regional Development (UNCRD) an interregional workshop on the social implications of the Asian financial crisis in May 1999. These seminars and workshops contributed to a better understanding of internal and external factors which make countries susceptible to a financial crisis and of ways to deal with it, including through international and regional cooperation. For its part, ESCAP contributed to a meeting of the technical group on the criteria for identification of the least developed countries held in March 1999 in London. That meeting reviewed the criteria for the designation of the least developed countries with a view to bringing about further improvements in computing indices and possible incorporation of a vulnerability index as an element in the criteria.

ECLAC

15. In addition to the standing arrangements for cooperation between the two bodies identified in paragraph 14 above, joint activities began in 1999 between ECLAC and the Department of Economic and Social Affairs on a project entitled "Global financial turmoil and reform: a United Nations perspective".

ECA

16. The Economic Commission for Africa (ECA) and the Department of Economic and Social Affairs have collaborated closely in such areas as governance, statistical development and implementation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF).

17. The United Nations Statistics Division participates in the meetings of the Coordinating Committee on African Statistical Development, which meets annually to review progress in the implementation of the Addis Ababa Plan for Action for Statistical Development in Africa for the 1990s. Both ECA and the Office of the Special Coordinator for Africa and the Least Developed Countries within the Department of Economic and Social Affairs have a shared responsibility for the follow-up and reporting on various aspects of the implementation of UN-NADAF. Consequently, both collaborate in preparing various reports to the General Assembly, the Economic and Social Council and relevant subsidiary bodies, and have developed the practice of exchanging information on their work programmes.

ESCWA

18. In 1998, the Economic and Social Commission for Western Asia (ESCWA) and the Department of Economic and Social Affairs collaborated on selected social issues, such as the follow-up to global conferences, youth, disability and the family. Both ESCWA and the Department of Economic and Social Affairs prepared a joint project document for regional training on a barrier-free environment, as well as an interregional meeting for technical exchange of expertise on accessibility. The training workshop and the regional meeting will take place in September 1999. ESCWA also participated in the consultative meeting among regional institutions organized by the Department of

Economic and Social Affairs in February 1998 in the area of sustainable development.

(b) Collaboration with UNCTAD

ECE

19. ECE enjoys a close working relationship with UNCTAD in the field of economic analysis. UNCTAD draws on ECE for materials concerning Europe, especially the transition economies, and ECE relies on UNCTAD for data concerning the global context. In 1998, the ECE and UNCTAD secretariats produced a joint analysis of the Russian crisis for UNCTAD's Trade and Development Board, and starting in 1999, ECE will draft the section on transition economies for UNCTAD's annual *Trade and Development Report*.

20. ECE has also strengthened its close working relationship with UNCTAD in the area of trade facilitation. ECE recommendation No.4 on national trade facilitation organs was the result of a joint ECE/UNCTAD effort, which ensures a harmonized approach by the two organizations in this field. ECE also actively participated in an UNCTAD conference on the theme "Partners for development" held at Lyons in November 1998, as well as in various seminars and workshops, and has made a substantive contribution to the UNCTAD "Train for trade" programme, discussing ways and means for small and medium-sized companies to be included in the electronic commerce community.

ESCAP

21. ESCAP has been coordinating with UNCTAD on matters related to the least developed countries. In consultation with UNCTAD, ESCAP will prepare a regional review and a position paper on the major issues of common concern to the least developed countries in the ESCAP region for the final review of the implementation of the Programme of Action for the Least Developed Countries for the 1990s.

22. ESCAP and UNCTAD agreed at a meeting of the Subcommittee on Trade and Investment of the Regional Inter-agency Committee for Asia and the Pacific (RICAP), held in June 1998, to continue their close cooperation in assisting developing countries on World Trade Organization (WTO)-related issues. An ESCAP/UNCTAD/Asian Development Bank (AsDB) meeting of senior officials on approaches for a positive trade agenda to the year 2000 and beyond for ESCAP developing countries is scheduled to be held in June 1999.

23. Under an UNCTAD project on globalization, liberalization and sustainable human development, ESCAP participated in a meeting of experts on the theme "Conceptual and operational framework for the analysis of the integration of developing countries into the global economy in a manner supportive of sustainable human development", held at Geneva in February 1999.

ECLAC

24. ECLAC and UNCTAD continue to collaborate in several areas, which include studies on the implications of the Uruguay Round of multilateral trade negotiations (four case studies, for Argentina, Brazil, Chile and Uruguay, have been prepared, as well as a summary paper); and technical support to UNCTAD for the coordination of the Latin American and Caribbean countries' economic views within the Group of 77 for UNCTAD X, as well as for the coordination of the Latin American and Caribbean countries' position for the new WTO negotiation round starting in the year 2000. ECLAC also participated in the first technical meeting of the new UNCTAD/UNDP initiative for assisting developing countries in facing the challenges and effects of globalization (Geneva, February 1999), and has agreed to lend support to the case studies to be undertaken for this purpose in Latin America.

25. In addition, UNCTAD and ECLAC have cooperated in assisting Central American countries and such regional organizations as the Central American Commission of Maritime Transport (COCATRAM) and the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) in the development of multimodal transport projects and seminars. Exchange of experiences and information on trade and efficiency, such as transport facilitation, electronic data interchange (EDI) in transport and the development of trade efficiency assessment measures have also taken place.

ECA

26. The memorandum of understanding signed by ECA and UNCTAD in 1997 has provided a new impetus to cooperation in a number of areas. In collaboration with UNCTAD and WTO, ECA organized in 1998 an ad hoc expert group meeting on follow-up to the First WTO Ministerial Conference, to serve as a technical forum for discussions on preparations of African countries for the Second Conference. The report of that meeting was an important input to the Conference of African Ministers of Trade held at Harare, which served as the regional

preparatory meeting of African countries for the Second WTO Ministerial Conference.

27. ECA and UNCTAD are also collaborating with the African Capital Markets Forum on a comprehensive project for the promotion of capital markets in Africa, which aims to assess the needs in capital market development; increase the capacity of local stock exchanges through strengthening the role of the regional institutions in support of African countries in their national and regional capital market strategies; train operators in capital markets through seminars, workshops, courses and internships; provide advisory services and technical assistance for the development, administration, operation and regulation of capital markets; support joint studies in areas in which action is required to foster capital markets and improve the regulatory framework; promote regional cooperation between financial associations of the private sector, securities exchanges and the regulatory authorities; and undertake a feasibility study on the establishment of regional capital markets and stock exchanges. In this regard, ECA and UNCTAD are collaborating with the African Capital Markets Forum in organizing an international conference on the theme "Globalization of African capital markets: risks and benefits" to be held at Accra in June 1999. Agenda items for the conference include: "Global capital flows: risks and opportunities for African capital markets"; "Brokerage and investment banking"; "Round table on stock exchanges"; and "Round table on unit trusts and mutual funds".

ESCWA

28. ESCWA and UNCTAD signed a memorandum of understanding in 1997 to ensure continued cooperation in selected areas of common interest, such as closer linkages between research and policy analysis activities at the regional and global levels; follow-up action to WTO ministerial conferences; development of capital markets; trade policy aspects of environmental issues; foreign trade investment and economic development; trade efficiency; Euro-Mediterranean partnership agreements; small and medium-sized enterprises; and collaboration in institutional capacity-building. In accordance with the memorandum of understanding, two meetings shall be convened each year between the heads of the two organizations to discuss and follow-up on progress made in the implementation of activities that fall under the foregoing areas.

29. Specific examples of recent cooperation include an ESCWA seminar on trade efficiency, held in November 1998, to which UNCTAD made substantive contributions; the regional preparatory meeting for the Second WTO Ministerial Conference, held at Beirut in May 1998, which was organized in cooperation with UNCTAD and UNDP. Preparations are under way to organize a joint ESCWA/UNCTAD regional seminar on the implications of the WTO Environmental Committee decision on trade. Further cooperation is envisaged in the area of foreign direct investment and in expanding the coverage of two UNCTAD publications — the *World Development Report* and the *World Investment Report* — to include more information and analysis on ESCWA member countries.

3. Cooperation with the United Nations Development Programme, including the potential for active involvement of the commissions in the United Nations Development Assistance Framework

(a) Cooperation and coordination with UNDP

30. UNDP and the regional commissions have traditionally cooperated over the years in accordance with their respective mandates and competencies as funding and executing agencies of operational activities, as well as in ascertaining priorities for intercountry and regional programmes. The former's role as a funder has since been de-emphasized (see DP/1999/10) for a variety of reasons, including assumption by it of substantive capacity in some areas of sustainable human development. This creates new opportunities for cooperation and joint initiative at the regional and subregional levels, *inter alia*, in assisting member States to formulate priorities for inter-country and regional programmes, enhancing regional cooperation, establishing linkages between regional and country programmes, especially in the context of the common country assessment and UNDAF guidelines, the promotion of interregional cooperation and technical cooperation among developing countries (TCDC), for which funding remains of catalytic importance. In this context, the Secretary-General welcomes the discussions held at the second regular session of 1999 of the Executive Board of UNDP and the United Nations Population Fund (UNFPA), held in New York from 12 to 16 April 1999, at which many delegations emphasized the importance of UNDP support for regional cooperation, especially through the regional commissions (see DP/1999/L.9, para. 14).

31. In line with the guidance provided by the Council in its resolution 1998/46, annex III, and the Secretary-General's programme for reform of the United Nations, the Executive Secretaries of the regional commissions and the Administrator, the Associate Administrator and Directors of the regional bureaux of UNDP held a joint meeting in fall

1998 to look into ways for strengthening their cooperation and coordination at the regional and intercountry levels, including reactivation of the joint UNDP/regional commissions task force established in 1995. It was agreed that a draft strategic compact between the regional commissions and UNDP should be elaborated so as to enhance collaboration between them in order to serve member States more effectively, on the basis of a common United Nations message and mutual complementarity. This draft compact, which is about to be finalized, addresses such issues as reactivation of the UNDP/regional commissions joint task force; yearly joint meetings at the level of the executive heads and at the level of senior staff; identification of focal points within each organization; consultations on the formulation of programmes; participation in their respective regional meetings, including in the yearly regional coordination meetings chaired by the Deputy Secretary-General; working together on core issues at the regional level; jointly undertaking flagship projects; UNDP funding for some projects of the regional commissions; interregional cooperation involving UNDP and two or more regional commissions; and UNDP facilitating active involvement of the regional commissions in the common country assessment and UNDAF processes.

32. The regional commissions submitted either directly to UNDP or through the consultative mechanism under the Executive Committee for Economic and Social Affairs their proposed work programmes for the biennium 2000–2001. While cooperation with UNDP is ongoing, the role of UNDP as a source of funding for projects of the regional commissions has substantially declined in general. Specific activities undertaken in cooperation with UNDP are identified below.

ECE

33. ECE has provided UNDP with copies of the ECE *Economic Survey*, now published in three issues each year, given that the policy analysis contained in the report can be very useful to United Nations funds and programmes, as recently emphasized in an ACC guidance note on regional and subregional cooperation. ECE also comments on the draft UNDP resident coordinators' reports for countries of the European region, thereby ensuring that information on ECE activities in a particular country are included.

34. With regard to projects, ECE works particularly closely with UNDP in the field of statistics. The most pressing concern for nearly all statistical offices in countries in transition, with which ECE cooperates, is the 2000 round of population censuses. Although their need for a census is significant, they are very short of resources to undertake this work and are also in need of technical support. ECE has been providing assistance for some time now, mainly through UNDP/UNFPA-funded projects, and expects to continue to do so, in cooperation with other institutions, during the coming year and beyond.

35. Under the auspices of the Energy Efficiency 2000 Project, two projects funded by the UNDP/Global Environment Facility (GEF) (US$ 2 to 3 million each) have been under implementation on the development in the energy efficiency demonstration zones of Gabrovo (Bulgaria) and Vladimir (Russian Federation). They are now being implemented through the UNDP offices at Moscow and Sofia. ECE has also provided technical assistance to the UNDP project on sustainable forestry management and reduction of adverse environmental impacts by using wood and wood residue resources for the production of heat power in Belarus.

36. In addition, the Regional Bureau for Europe and the Commonwealth of Independent States (CIS) of UNDP and ECE, in collaboration with the Harvard University Center for International Development, organized in New York on 8 December 1998, a dialogue on policy responses to the Russian crisis and recent developments in Latin America, and on reform of the global financial infrastructure. Follow-up activities have been envisaged in the form of country-level round tables.

ESCAP

37. The Sixth Intercountry Programme for Asia and the Pacific, renamed the first Regional Cooperation Framework for Asia and the Pacific (RCF) (1997–2001), is organized around three thematic programme areas, namely human development and equity; environment and natural resource management; and enabling economic environments and public policy. At the request of UNDP, ESCAP outlined in detail its possible contributions towards the development of specific projects under the thematic programmes of RCF. For the period of the first RCF for Asia and the Pacific (1997–2001), UNDP has approved three projects for implementation by ESCAP — one under the theme on human development and equity, and two under the gender programme. Additionally, two small projects under inter-agency sub-contract arrangements with the Office for Project Services for enhancing trade linkage between South Pacific island countries and Association of South-East Asian Countries (ASEAN) countries and for promoting economic and technical cooperation among the developing countries

of Asia and Latin America are also being implemented by ESCAP.

ECLAC

38. The collaboration of ECLAC with UNDP increased in 1998, following agreement reached to step up joint activities at the regional level, especially in the fields of poverty reduction, the preparation of national and subregional human development reports, and the environment.

39. Based on this general agreement, ECLAC began working on the effects of macroeconomic policies on employment, income distribution and poverty, as well as on two small projects on environmental instruments and on environmental requirements for the Southern Cone Common Market (MERCOSUR) integration scheme. ECLAC has also been acting as cooperating agency in several country projects, some of them on national human development reports. During 1998, ECLAC executed UNDP-funded projects amounting to US$ 1.4 million, of which $530,000 concerned regional activities and $870,000 national projects. As another means of enhancing cooperation, UNDP invited ECLAC to participate in the Latin American and Caribbean resident coordinator meeting and workshop held at Cartagena de Indias in March 1999.

ECA

40. ECA and UNDP collaborate on a wide range of activities, and are linked by a number of coordinating mechanisms. For example, UNDP has provided significant financial support for the regional and subregional meetings organized by ECA as follow-up to the World Summit for Social Development and the Fourth World Conference on Women. ECA is currently serving as the executing agency of several UNDP-funded projects, including on the promotion of Africa's economic cooperation and integration; the United Nations Special Initiative on Africa; capacity-building in food security policy analysis and programming; and the sustainable agriculture and environmental rehabilitation programme.

41. ECA and UNDP are co-lead agencies for implementing the governance component of the Special Initiative. In this regard, UNDP and ECA have initiated the annual African Governance Forum series, two of which have already been held, in 1997 and 1998. The Forum provides a platform for exchange among representatives of Governments, civil society, NGOs and their partners on the state of governance in Africa. The third forum is scheduled to take place in Mali in June 1999, focusing on post-conflict, peace-building and development.

42. ECA and UNDP participate frequently in intergovernmental or other policy-oriented meetings convened by each other. ECA, for example, participated in the UNDP Africa resident representatives' meeting held at Cotonou in February 1999, which devoted a session to exploring ways to deepen ECA-UNDP collaboration, and which agreed that both organizations should intensify cooperation in developing African-based policies, strategies and programmes, as well as analytical work as a basis for advocacy on Africa's socio-economic challenges; ensuring that regionally agreed frameworks, programmes and initiatives are translated into concrete projects at the country level; and increasing the ECA share of UNDP-funded regional projects. Finally, both the Executive Secretary of ECA and the Administrator of UNDP are the co-Chairs of ACC Steering Committee on the Special Initiative.

ESCWA

43. ESCWA identified a number of priority areas under each of its five thematic subprogrammes for its work programme for the biennium 2000–2001, compared these priorities with those outlined in UNDP/Regional Bureau for Asian States regional programme for the period 1997–2001, and conveyed the list to the Bureau for feedback. It also transmitted these priorities to all UNDP offices in ESCWA member States for their comments, and solicited their assistance in identifying governmental focal points.

44. The main area of cooperation between ESCWA and UNDP during the reporting period consists of a flagship project on regional integrated follow-up to United Nations global conferences. While implementation of the recommendations stemming from these conferences remains the responsibility of member States, ESCWA and UNDP will provide through a flagship project such support measures as advocacy, support to activities of national institutions, development of indicators and setting up a network of policy makers and civil society entities, including NGOs and other partners, for regional exchange of ideas and information. UNDP will support the implementation of the project with the amount of US$ 524,000 over a period of three years, starting in October 1998. The United Nations Children's Fund (UNICEF), UNFPA and the United Nations Development Fund for Women (UNIFEM) are also participating in this project, which builds up on the activities of each participating agency on follow-up to global conferences. A detailed plan of action for activities to be carried out by ESCWA throughout the duration of the

project, with the cooperation of Arab States involved, regional and international organizations, relevant United Nations agencies and civil society organizations, has been drawn up. Moreover, a number of specific activities have been selected for implementation during the biennium 2000–2001 under the subprogramme on improvement of the quality of life. Other areas of cooperation between ESCWA and UNDP include several joint activities for the alleviation of poverty in the region.

(b) Involvement of the regional commissions in UNDAF

45. With respect to the role of the regional commissions in UNDAF, the reform initiative of the Secretary-General had envisaged UNDAF as a single framework for all the United Nations programmes of assistance at the country level, with common objectives and time-frame, in order to achieve goal-oriented collaboration, programmatic coherence and mutual reinforcement (see A/51/950, para. 161). This is significant for the regional commissions since both their analytical and operational works, including the advisory services, have relevance for United Nations development operations at the country level. Indeed, the effectiveness of the assistance rendered by the regional commissions could be enhanced through the collaborative framework of UNDAF. Accordingly, in its resolution 1998/46, annex III, paragraph 11, the Council recognized the potential for active involvement of the regional commissions in UNDAF. Subsequently, the General Assembly, in its resolution 53/192, paragraph 41, stressed the growing need for incorporating the regional and subregional dimension in United Nations operational activities for development, and encouraged resident coordinators, in close consultation with Governments, to secure greater involvement of the regional commissions, taking into account their agreed mandates and work programmes, in UNDAF, as appropriate.

46. These directives are now in the process of being operationalized through the guidelines for the common country assessment and for UNDAF, in the preparation of which the regional commissions have been fully involved by UNDG.

47. The guidelines, *inter alia*, acknowledge that the common country assessment provides a key opportunity for the participation of non-resident agencies, including the regional commissions. Concerning linkages with the regional dimension of development, the guidelines state that the common country assessment should normally include regional concerns and initiatives, and any other element considered relevant to the analysis. This includes regional plans of action that are formulated and adopted as a result of global conferences and conventions, as well as regional agreements. The scope should take into account and build upon other United Nations system's cooperative efforts, such as the United Nations Special Initiative on Africa. Furthermore, with regard to the thematic groups at the country level, the guidelines suggested that those groups can also benefit from contacts with the relevant inter-agency thematic groups at the regional level. On the modality of involvement, the guidelines state that the resident coordinators should facilitate the participation of non-resident agencies through the use of electronic communications, for example, by providing the common country assessment document by electronic mail and asking the agencies to comment.

48. Likewise, the UNDAF guidelines, in identifying the key partners, *inter alia*, encourage the involvement of United Nations organizations, within the resident coordinator system whether or not they have country-level representation, and specifically cite greater involvement of the regional commissions, taking into account their agreed mandates and work programmes, as stated in General Assembly resolution 53/192. The scope of UNDAF includes, among others, regional and subregional issues, including specific United Nations initiatives, of pressing concern to a country. Further, the goals of assistance should, *inter alia*, reflect regional and intercountry considerations.

49. Both the common country assessment and UNDAF guidelines have highlighted the value of synergy and complementarity, and they provide a critical opportunity for United Nations organizations, including the regional commissions, to strengthen collaboration at the country level, as intended in the reform proposals of the Secretary-General. However, the value and significance of the guidelines depend entirely on the effectiveness of their implementation. In that context, the active and substantive involvement of the regional commissions offers a challenge both for the regional commissions themselves and the resident coordinator system, which can only be addressed through an effective process of sustained interaction. Continued guidance and monitoring by the Council are essential to ensure that both sides respond to the challenge in a harmonious manner.

B. The regional commissions as the regional expression of the United Nations

1. Regional hearings in preparation for the Millennium Assembly

50. The capacity of the regional commissions in bringing global concerns to their regions and regional concerns to global forums is very well illustrated by the preparatory and follow-up regional meetings held with respect to the five world conferences (see sect. IV below). In addition and as part of the process leading up to the Millennium Assembly, the Secretary-General has requested the five regional commissions to hold regional hearings whose results will be drawn upon in his report to Member States for the Millennium Assembly.

51. The regional hearings, to be held in the next five months at the seats of the regional commissions, will bring together member States, civil society and NGOs to debate on how the United Nations can best promote its Charter objectives in the coming millennium. The hearings will be held on 24–25 June 1999 for the ECA region, 7 and 8 July 1999 for the Europe region, and early September 1999 for the ECLAC and ESCAP regions. ESCWA's regional hearings, which were held on 23 and 24 May 1999, were attended by 107 panellists and participants from Governments, non-governmental organizations, academia, research institutions, the private sector and the media, as well as parliamentarians and public figures. Three panels discussed peace and security, economic and social development, and human rights and governance. It was clear that participants looked forward to a reinforced Organization in the coming years and decades. They considered it the best agent of peace, development and justice that they can rely on.

52. The discussions between high-level panellists and the audience, both of whom are composed of representatives of member States, local and regional NGOs, academics and opinion leaders, will focus on the main areas of the United Nations, including its role in the areas of peace and security, economic and social development cooperation, humanitarian relief and human rights. The hearings will consists of three or four consecutive thematic sessions and a concluding segment that will attempt to draw concrete suggestions and conclusions that will be subsequently transmitted to the Secretary-General.

2. Regional coordination meetings under the chairmanship of the Deputy Secretary-General

53. In his report on the regional commissions in the context of a programme for reform of the United Nations (E/1998/65), the Secretary-General recommended yearly meetings under the chairmanship of the Deputy Secretary-General between the regional commissions and all the United Nations funds and programmes, agencies and entities engaged in regional and inter-country activities in order to reinforce synergies and avoid overlapping of all United Nations activities at the regional level. In response to this recommendation, which was subsequently endorsed by the Council in its resolution 1998/46, annex III, five regional coordination meetings were held under the leadership of the Deputy Secretary-General at the seats of the commissions on 9 February, 1 March, 5 March, 6 May and 2 June 1999 for the regions covered by ECE, ESCWA, ECA (the regional meeting for the Africa region was held at UNEP headquarters at Nairobi), ECLAC and ESCAP, respectively.

54. The Deputy Secretary-General underscored at each of the five meetings that the overall purpose of these meetings was to achieve greater coherence among the activities of the United Nations system. Progress has been made at the country and headquarters levels. These regional coordination meetings were intended to give stronger support to this process at the regional level, without creating cumbersome and costly bureaucratic layers. Under her Chairmanship, each meeting conducted a review of existing cooperation mechanisms at the regional level with a view to assessing the adequacy of the arrangements and proposed ways for improving the collective response of the United Nations system to the priorities and needs of each region.

55. The series of regional coordination meetings contributed to efforts to forge a common understanding of the needs and challenges in each region and to determine the priority areas in which the United Nations could take supportive action in a more coherent manner. In reviewing the adequacy of coordination mechanisms, it was agreed that in all cases, existing arrangements should be enhanced and made more effective instead of creating new mechanisms. Regular follow-up meetings will be held to exchange information and to improve overall coordination of United Nations regional activities under the aegis of the Executive Secretaries of the regional commissions. These experiences will be reviewed by the newly established inter-agency coordination mechanisms. The results of the regional coordination meetings were brought to the attention of the respective regional commissions that had held sessions in spring 1999.

Coordination meeting for the region covered by ECE

56. The meeting for the ECE region brought together representatives of 20 United Nations entities. The meeting agreed that regional consultations of this type can significantly contribute to (a) ensuring a common knowledge of what each organization is doing and a development of mutual respect for expertise and proven advantages; (b) generating a common understanding and assessment of the region's needs, trends and challenges; (c) on this basis, determining shared goals among all the United Nations agencies present in the region; (d) consequently, identifying the necessary actions to be undertaken at the regional level in order to support those goals.

57. The meeting also underlined the rationale for developing regional consultations and activities, given that there are issues which are inherently regional in nature and cannot be addressed at the country level (for example, air pollution and border crossing). In addition, the regional approach, apart from providing a necessary modality to address regional concerns and problems, also brings to light, through exchange of experiences in regional forums, issues of common interest to several countries as well as disparities between groups of countries within the same region. This exchange, which can cover both policy issues and operational programmes, can contribute to the forging of intraregional linkages and promote a better integrated cohesion of the region as a whole.

58. The meeting also noted that both country programmes and regional programmes can benefit from and provide useful inputs to one another. For example, the normative work developed at the regional level (common or harmonized standards and guidelines) could be taken up and promoted in country-level programmes. Consideration, at the regional level, of cross-sectoral issues and interdependencies between sectors could also contribute to adjustments of existing national programmes or development of new programmes in response to the collective assessment of the region's needs, trends and challenges. Conversely, successful country programmes can be discussed at the regional level with a view to replicating them in other countries or other parts of the region, with adjustment as necessary. The outcome of consultations in the framework of the resident coordinators system and UNDAF-related mechanisms could also provide useful inputs to the consultations at the regional level.

59. The meeting further agreed that:

(a) A common assessment of the regional situation should be carried out within the next three months, with ECE acting as the facilitator and in close collaboration with a core group of agencies, funds and programmes whose activities focus on social and economic issues;

(b) This common assessment should lead to further defining of priority areas for cooperative efforts in the region. At this stage, some priority areas for inter-agency cooperation have already emerged, as follows:

(i) Reduction of disparities between and within countries of the region;

(ii) Policy and institutional capacity-building in the transition economies;

(iii) Decreased vulnerability of the latter to external shocks;

(iv) The rule of law and human rights, law enforcement and legislative development;

(v) Preventive action against human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS);

(vi) Relations with civil society;

(vii) Follow-up to international conferences;

(viii) Resource mobilization.

This experience and its subsequent development will be reviewed in 2000.

Coordination meeting for the region covered by ESCAP

60. The coordination meeting for the ESCAP region was attended by 18 United Nations entities. The meeting recognized the varying geo-political groupings and socio-economic situations in the Asian and Pacific region, and it was clear that this region offered great contrasts. The United Nations, in searching for ways to become more effective, needed to take account of the major differences in levels of development and possibilities of cooperation between countries of the region.

61. The challenges and priorities for which United Nations collaboration was needed revolved around: (a) problems of equity within and among countries, including wealth and income distribution, as well as serious gender disparities; (b) eradication of poverty, with emphasis on access and quality of basic education, on youth's health and life skills, and on rural development; (c) governance and human rights, ranging over a wide variety of issues from institution building to universality of services; and (d) environment and

sustainable development, an area of growing concern in the light of the rapid economic development of the region.

62. High priority was placed on the importance of forging closer collaboration with the main intergovernmental groupings, especially ASEAN, the South Asian Association for Regional Cooperation (SAARC) and the South Pacific Commission. It was clear that some of the challenges identified lend themselves to region-wide cooperation (e.g., environment); while others required a subregional approach (e.g., gender). The meeting underscored the need for clear criteria for deciding the type of United Nations system cooperation at the regional level, bearing in mind the interest of the countries and Governments concerned.

63. The meeting noted that various coordination and collaboration arrangements had been set up, and that ESCAP was the first regional commission to have established (since 1994) a formal coordination mechanism, namely RICAP. Its various subcommittees aimed mainly at the regional follow-up to agreements of the United Nations international conferences.

64. The meeting noted that RICAP had been established as a means to facilitate cooperative action to address main concerns of countries at the regional level and to take advantage of the relative strength of each agency and minimize duplication and overlap. While the meeting welcomed the initiatives taken in identifying specific priority areas and issues for collaboration among the United Nations agencies and bodies through the various subcommittees of RICAP, it noted that there was scope for improving the efficiency and effectiveness of RICAP, especially with respect to relations between ESCAP and the operational agencies.

65. The meeting agreed on several conclusions, including that: (a) ESCAP would lead the process of identifying the "advocacy agenda" for the United Nations system in the region, with due account taken of subregional specificities; (b) ESCAP would lead the work to re-examine RICAP and shape its committee structure according to the advocacy/work agenda identified; (c) each agency would need to look at its own regional structure with a view to increasing harmonization with intergovernmental machineries and with the United Nations; and (d) that follow-up and reporting on these decisions would be undertaken by ESCAP.

Coordination meeting for the region covered by ECLAC

66. The meeting for the ECLAC region brought together representatives of 22 United Nations entities. After analysing prevailing conditions and challenges of globalization that face the region and reviewing and assessing the various existing inter-agency coordination mechanisms, the meeting agreed that the priorities for mutual cooperation should be (a) equity, (b) integration into the global economy, (c) environment, (d) governance, and (e) mobilization of resources for development. These core issues should dictate the advocacy, analysis and operational activities that these agencies carry out as part of their response to the needs of the region. The meeting also decided that further efforts of coordination should emphasize the issue of social equity. It also agreed to continue with the current cooperation modalities in the region that are led by different agencies, particularly in the follow-up to United Nations world conferences. In terms of other priorities, such as governance and integration into global economy, the meeting agreed to increase in a significant way the exchange of information about the agencies' activities. The meeting also decided to give special attention to the coordination of activities in the Caribbean subregion. In the same spirit of collaboration, the meeting decided to invite the different multilateral organizations working in the region to join this initiative. The Deputy Secretary-General requested ECLAC to be in charge of follow-up to these new cooperation schemes and to organize annual regional coordination meetings.

Coordination meeting for the region covered by ECA

67. The meeting for the ECA region, which was attended by 23 United Nations entities working in Africa, revolved around three main questions: What was the vision of United Nations work in Africa? Was there a coherent United Nations approach in implementing the vision? How effective were the coordinating mechanisms? Noting the proliferation of programmes and initiatives, the meeting questioned whether the existing coordinating mechanisms for these programmes were effective. It underscored the need for enhanced coordination and collaboration, at the country as well as the regional and subregional levels. It also stressed the need for periodic review of the achievement of the system's commonly agreed goals and objectives for Africa.

68. The meeting agreed that the vision for United Nations work in Africa must be shaped and determined by Africa's agreed priorities. Since such priorities are continuously evolving, there was a need for the United Nations system to

review and adjust its activities accordingly. It was considered desirable to streamline and simplify existing coordination arrangements rather than create new mechanisms.

69. The meeting agreed that the United Nations System-wide Special Initiative on Africa could provisionally constitute the most appropriate mechanism for coordination of United Nations system work in Africa, and that additional sub-themes or clusters could be included, as appropriate. This modified mechanism would facilitate the sharing of information among agencies; establish goals and identify priorities; and periodically monitor achievements of targets.

70. The co-Chairs of the ACC Steering Committee on the Special Initiative (ECA and UNDP) were requested to prepare a report containing detailed proposals on how the Special Initiative could play this coordinating role. The report, to be prepared in consultation with the participating entities, would be submitted to the Deputy Secretary-General for approval within three months. The role of the Special Initiative as the coordinating mechanism would be subject to review after two years.

71. In view of the high priority accorded to Africa by the United Nations system and to demonstrate to member States the effectiveness of the work of the United Nations in the region, the meeting underscored the necessity for the entities of the United Nations system to work together more coherently.

Coordination meeting for the region covered by ESCWA

72. The coordination meeting for the ESCWA region brought together 18 United Nations entities. A thorough and substantive discussion revealed a strong commitment to regional coordination and cooperation. Examples of successful partnerships were reviewed. The meeting noted that instances of unnecessary duplication and overlap should be avoided. It emphasized the importance of achieving complementarity in the activities of the United Nations system in order to serve the needs of the region better. It was agreed that concerted efforts by the entities involved were necessary for the mobilization of additional resources for development activities in the region. In this respect, the importance of international financial institutions was recognized.

73. It was considered that a common assessment of regional issues was necessary in order to enhance the level of existing coordination arrangements and mechanisms. The need to take account of the mandates and work of the regional and subregional organizations, as well as the objectives and activities of NGOs, was stressed. The link between issues of peace, security, democracy and development in the region was underscored.

74. The meeting agreed that the Inter-Agency Coordination Group was the most suitable forum for forging a United Nations system strategy or vision for the Western Asia region. ESCWA was entrusted with convening its meetings. The work undertaken in preparation of the twenty-fifth anniversary of ESCWA could feed into the process of formulating this common vision or strategy by the United Nations system.

75. Even though the Group should bring together all United Nations entities active in the region, the participants agreed that it should be light and flexible, and that it should not involve inordinate resources. The meeting also agreed to evaluate this strategy and its impact on the activities of the United Nations system in the region after one year.

76. ESCWA held the first follow-up meeting to the Group meeting chaired by the Deputy Secretary-General on 29 April 1999. The meeting agreed to change the name of the meeting to the United Nations Regional Coordination Group; to have ESCWA serve as the secretariat; to hold Group meetings twice a year; to create a Web site where documents and information on regional activities of United Nations institutions involved, such as agreements, calendars of meetings , lists of statistical publications, training material and other material, could be deposited; to designate a focal point in each organization to supply ESCWA with the relevant material; and to have the United Nations Educational, Scientific and Cultural Organization (UNESCO) begin establishing a mechanism for networking to facilitate communication among members of the Group and with the secretariat of the group.

77. At the substantive level, the meeting agreed to consider developing a common strategic framework that would identify the priorities of action at the regional level; to work at enhancing the ability of member States to produce reliable statistical information; and to have each organization provide the secretariat of the group, by the end of September 1999, with three-to-five-page notes on the impact and implications of WTO agreements on trade liberalization for member States in the region, from the perspective of their own mandates.

3. Cooperation with other regional bodies

78. All the regional commissions have long-standing and extensive cooperation with the various other intergovernmental bodies and regional and subregional organizations in their respective regions. In many cases,

formal instruments, such as, memoranda of understanding and/or institutional arrangements, such as joint meetings and networks, provide the basis for collaboration and periodic reviews of developments in their relationship. As indicated above, this important dimension of the work of the regional commissions as part of their respective regional institutional landscape was acknowledged and endorsed by the Council in its resolution 1998/46, annex III, paragraph 12, in which the Council encouraged the regional commissions to intensify their cooperation and regular exchange of information as determined by their respective intergovernmental bodies, with relevant regional bodies, institutions and networks.

79. Details on cooperation between the regional commissions and other regional bodies in their respective regions are contained in addendum 1 (E/1999/14/Add.1).

C. Measures undertaken by the regional commissions to consolidate reform and achieve greater effectiveness and efficiency

ECE

80. ECE has undertaken an in-depth review of its strategic directions, intergovernmental structure and methods of work in 1995. This culminated in the preparation of a declaration on the strengthening of economic cooperation in Europe and a related plan of action, which were adopted by ECE at its jubilee session in 1997 and subsequently endorsed by the Council at its substantive session of 1997.

81. In accordance with the ECE plan of action, the Group of Experts on the Programme of Work has been established. The Group advises the Commission on its work programme and how to make adjustments to it, taking into account emerging priorities of the region and anticipated changes in the level of resources. The first task achieved by the Group has been to set up a system of priority setting for the work programme to be followed by all the principal subsidiary bodies. This process of prioritization and the work of the Group constitute a useful mechanism by which ECE can adjust its activities to make them more current and responsive to the changing realities of the region.

82. In addition, in connection with both programme performance and the recent increased emphasis given to the achievement of results, the ECE secretariat has been active in developing performance indicators to assess the quality and impact of its activities.

83. The plan of action requested that four cross-sectoral concerns be integrated into all areas of work of ECE: sustainable development, mainstreaming of the gender perspective, the special needs of the economies in transition and the involvement of the business community.

84. Sustainable development is already integrated into the work of ECE, and additional steps have been taken in a number of areas. For example, energy efficiency, an issue directly related to sustainable development, has become a major component of the work of the Committee on Sustainable Energy. The same Committee will also adopt a set of regional policy issues and recommendations, as part of the preparatory process for the ninth session of the Commission on Sustainable Development, whose central theme will be energy. In addition, the activities under the Timber Committee are now focused on sustainable development of the forest and timber sector.

85. Although gender mainstreaming is a more recent effort, progress has been made on several fronts. For example, the *ECE Survey* now regularly includes an analysis of employment in transition economies from a gender perspective. In the area of gender statistics, a special field of statistics in the work programme of the Conference of European Statisticians, a publication on women and men in Europe and North America is under preparation and will be a regional input to the 2000 review of the implementation of the Beijing Platform for Action.

86. Support to the economies in transition continues to be a central focus in the work programmes of ECE, particularly in its operational activities. In recent years, technical cooperation activities have been intensified in relation to subregional groupings, in particular South-East European Cooperative Initiative (SECI), and subregional projects, such as the United Nations special programme for the economies of Central Asia (SPECA).

87. With respect to the involvement of the business community, an open ended ad hoc working group on relations with the business community has been established to examine the Commission's relationships with the business community. The working group felt that it would be useful to explore further ways to strengthen that relationship, and the principal subsidiary bodies have been invited to review cooperation with the business community in their respective areas of work in order to assess their past experience and draw lessons therefrom. Subsequently, the principal subsidiary bodies will transmit their conclusions to the Commission in the year 2000.

ESCAP

88. In conformity with its resolution 53/1 on restructuring the conference structure of the Commission, ESCAP, at its fifty-fourth session, held in April 1998, decided to streamline the programme structure from the existing 10 subprogrammes to 7 subprogrammes, effective from the biennium 2000–2001. Under the revised programme structure, two subprogrammes, "Regional economic cooperation: trade and investment" and "Regional economic cooperation: industry and technology" have been merged into one subprogramme so as to strengthen regional economic cooperation in the promotion of trade investment and technology linkages and the acceleration of industrial development. Three subprogrammes relating to poverty alleviation have been merged into two subprogrammes, one to deal with social development issues and concerns, human resources development and women in development, with specific reference to the alleviation of poverty and the other to address social and economic issues in the areas of population and rural and urban development that are directly related to the alleviation of poverty.

89. Moreover, to achieve congruence between programme and secretariat structures and to respond to a major recommendation of the Office of Internal Oversight Services, the secretariat has been reorganized, in two phases, entailing a reduction in the number of substantive divisions from nine to seven. Due to mergers and the consolidation of functions, resources were redeployed to priority areas, as reflected in ESCAP's proposed programme budget for the biennium 2000–2001: (a) development research and policy analysis, so as to focus on the effects of the region's economic and financial crisis, and the formulation of policy recommendations to minimize the attendant risks necessary to overcome them; (b) social policy and integration of disadvantaged groups and women in development; (c) tourism development, and (d) statistics. Further efforts to sharpen the focus of work of the Commission's legislative bodies are ongoing.

90. ESCAP has continued to play an active role in fostering regional-level coordination and enhancing synergies through RICAP, for which it serves as the Convenor and provides secretariat support. Some of the 13 subcommittees of RICAP are actively promoting joint programming as well as funding for joint projects.

91. The Commission, at its fifty-fifth session, endorsed the recommendations of its Advisory Committee of Permanent Representatives and other representatives designated by the Commission (ACPR) relating to instituting the "sunset clause" provision for activities being carried out in pursuance of resolutions adopted at earlier sessions of the Commission; measures designed to enhance the visibility of ESCAP; strengthening of ESCAP's team leadership role, and the need to expedite the filling of vacant posts in the secretariat, in particular at the senior level. The Commission welcomed the proposal to entrust an informal open-ended working group of ACPR to examine these issues in greater detail, as well as to define priorities for the programme of work and recommend to the Commission strategic directions for its future activities.

92. The secretariat circulated to delegations attending the fifty-fifth session of the Commission a questionnaire designed to elicit responses on the relevance, usefulness, quality and effectiveness of the session. Responses to the questionnaire will be evaluated with a view to effecting improvements at future sessions of the Commission.

93. Other measures undertaken include:

(a) An in-house task force established by the Executive Secretary with the aim of identifying issues and challenges into the next century and the areas of focus for ESCAP's work;

(b) Regular reviews of the implementation of extrabudgetary projects to address the requirements of bilateral donors. In 1998, an evaluation of five selected technical assistance projects funded from the Japan-ESCAP cooperation fund was undertaken jointly by the secretariat of ESCAP and the Government of Japan. Special project review meetings will be convened in 1999, including a subregional human resources development evaluation workshop on a post-literacy development programme for women in South Asia, funded by the Netherlands Government. To facilitate project managers' access to up-to-date information on financial delivery of their respective projects, ESCAP has developed, in June 1998, on-line retrieval and monitoring of financial statements of extrabudgetary project accounts;

(c) Redeployment of regular budget posts in the context of ESCAP restructuring and programme budget exercises has been undertaken in two phases. Phase one of the redeployment was effected as of 15 July 1998, and phase two is to be effected as of 1 January 2000. Based on member Governments' responses to the questionnaire circulated by ESCAP in 1997 on setting priorities for activities and allocations as decided by the Commission, regular budget staff resources have been redeployed from the programme support and from low priority to high priority areas within the work programme of ESCAP;

(d) The number of meeting days for servicing intergovernmental meetings has been reduced. The number of recurrent and non-recurrent publications have also been reduced, from 439 for the biennium 1996–1997 to 310 for the biennium 1998–1999 and 233 for the biennium 2000–2001. The number of recurrent titles has also decreased, from 45 for the biennium 1996–1997 to 41 for the biennium 1998–1999 and 39 titles for the biennium 2000–2001. This was done without negative implications and on the basis of a thorough review of each output, including its mandate, objective and intended readership. Frequency of some recurrent publications was adjusted, while others were discontinued on the basis that dissemination of relevant data and information through the Internet would be more cost-effective and timely;

(e) Various other efficiency initiatives already under way within the ESCAP secretariat, covering management, information systems and internal reporting, documentation and publications, conference services, general services, utilities and communications, staff training and staff travel, continue to be actively pursued.

ECLAC

94. Since spring 1998, ECLAC has advanced in some ongoing initiatives, while developing at the same time some new initiatives aimed at carrying out an institutional reform in order to achieve greater effectiveness and efficiency. The initiatives undertaken can be separated into three broad areas: substantive, structural and operational and management area.

95. Under the substantive area, ECLAC has focused on the following:

(a) Priority setting for the ECLAC programme of work 2000–2001. The fourth meeting of the ad hoc working group[1] was convened at ECLAC headquarters at Santiago on 1 and 2 October 1998, to carry out a thorough analysis of the programme of work aimed at aligning the activities with priority needs of the countries. The meeting was attended by representatives of 23 member States, who agreed on the order of priorities for the execution of the programme of work of the ECLAC system for the 2000–2001 biennium. This forum is considered by member States as an important mechanism for interaction between Governments and the secretariat;

(b) Development and social equity. ECLAC has decided to focus the substantive debates for its session in the year 2000 in Mexico on equity as the main priority for development strategies within the region. Since 1998, ECLAC has been carrying out a wide scope of substantive activities around the issue of social equity in Latin America and the Caribbean. Given the relevance and complexity of this subject, ECLAC has embarked on a major effort to mobilize expertise and resources within the secretariat as well as from external support to strengthen its interdivisional and interdisciplinary work capacity so as to ensure a significant contribution to policy-making in the countries of the region, with a reliable and positive impact on equity;

(c) Dissemination of the institution's outputs. Progress has also been achieved in improving the dissemination of the secretariat's outputs and of the services it provides to the region, especially through its Web site on the Internet. Since its introduction in 1997, the number of users of the Web site has increased from approximately 6,000 to 38,000 monthly.

96. Under the structural area, ECLAC has focused on: (a) strengthening the Environment and Human Settlements Division in its analytical capacity and in its potential to provide advisory services and technical assistance to address the needs of member countries; (b) consolidating the integration of the Latin American Demographic Centre (CELADE), now the Population Division of ECLAC, within the ECLAC secretariat; (c) undertaking an institutional, functional and financial reform of the Latin American and Caribbean Institute for Economic and Social Planning (ILPES), according to the mandate received at the twenty-seventh session of the Commission;[2] and (d) strengthening the capacity of ECLAC national office at Bogotá to respond more effectively to the demands of the Governments of the Andean countries.

97. Under the operational and management area, ECLAC is undertaking the following initiatives:

(a) Implementing a computerized programme performance, monitoring and reporting system that will provide continuous on-line information on the utilization of financial and human resources, the status of project implementation, and the achievement of predefined performance indicators. This system will also meet the reporting requirements of the Office of Internal Oversight Services;

(b) Assessing the work performed by the Commission in 1998 through an exercise which will involve all staff at Santiago, the subregional and the national offices. For this purpose, performance indicators have been developed to assess the quality, impact and relevance of the outputs. A method of cost management has also been adopted, based on measurement and monitoring of the direct costs of production for the Commission's principal outputs. The findings of this assessment, together with other relevant

issues related to the reform process in the Commission, will be presented at the fifth session of the ad hoc working group, which will meet on 8 and 9 July 1999 in New York;

(c) Strengthening the capacity of the Programme Planning and Operations Division to support more effectively the substantive divisions of ECLAC in the preparation of the programme of work and the medium-term plans, by placing more emphasis on results-oriented planning.

ECA

98. The past year has been marked by consolidation of the reforms initiated at ECA during the previous three years. This was reflected both in the effort to improve the design of programme structure and in the modalities for delivery of programme activities. The main areas of emphasis in programme design included the strengthening of the subregional development centres (SRDCs) to enable them to serve as full operational arms of ECA, delivering policy advice and undertaking operational work for member States and subregional intergovernmental organizations. The centres will implement a new subprogramme on promoting subregional activities for development. Together, the centres will account for 35.4 per cent of the total programme resources of the Commission. A new subprogramme on promoting the advancement of women was also established. The African Centre for Women, which is responsible for managing the new sub programme, is being strengthened to give a much higher programmatic, organizational and managerial profile to the issues of gender and development in ECA.

99. ECA support to its member States takes the form of advocacy and policy advice through seminars, workshops, group training, dissemination of best practices; providing technical assistance; support for building national capacities; setting norms and serving as a forum for stakeholders to build consensus on development policy. Continuing the momentum in improving the Commission's modalities initiated in the last biennium, every effort has been made to limit the number of meetings and publications and concentrate resources on fewer activities so as to ensure greater impact. New procedures to improve internal communications and professional dialogue are being instituted. This includes frequent in-house seminars for peer review of publications, which will be complemented by external peer reviews of major documents, in particular the flagship publications. Improving the technical quality of ECA's published products through rigorous editing and wide dissemination on a timely basis is also being acted on. Specific measures to strengthen the communication and translation units are being undertaken.

100. Another important area is technology modernization. ECA has embarked on a major effort to upgrade ECA's information technology capacity and to make use of information technology devices to disseminate its work, including at the subregional development centres, which are a major outreach for the Commission. Particular attention will be paid to the provision of quality of service, compliant local area network connectivity at ECA headquarters and SRDCs; provision of wide area network connectivity between ECA headquarters, SRDCs and United Nations Headquarters; provision, management and development of intranet services at ECA headquarters and SRDCs; and central management of network connected desktop computer software. Particular attention is being given to equipping the United Nations Conference Centre at Addis Ababa with the technological capacity to enable it to serve as a major forum for dialogue and policy debates in Africa. It is intended that the Centre will be fitted with video conferencing and remote access via dial-up facilities.

ESCWA

101. ESCWA launched substantive reform measures as early as 1994 that were mainly focused on its work programme and were completed during the biennium 1996–1997. This led to a shift from a sectoral approach encompassing 15 different sectors to a thematic approach by the Commission, in which these sectors were consolidated into five thematic subprogrammes predicated on a multidisciplinary approach that consolidates cross-cutting issues. The results of the review of the core functions of ESCWA and its organizational structure are reflected in a new Secretary-General's bulletin (ST/SGB/1999/1), which was issued on 13 February 1999. One of its main features was merging the current Programme Planning and Coordination Unit and the Technical Cooperation Division to achieve more complementarity between normative/analytical activities and operational activities.

102. For the formulation of the proposed programme budget for the biennium 2000–2001, ESCWA took a further step towards priority setting and strengthening regional cooperation among United Nations agencies as well as establishing a mechanism for cooperation at the regional level. It consulted with a number of United Nations agencies on the preliminary list of priorities it had identified for its proposed work programme and budget for the biennium 2000–2001 (see E/ESCWA/C.1/20/8, item 6 (e) of the agenda of the Technical Committee).

103. Following the reallocation of the Commission from its temporary headquarters at Amman to its permanent headquarters at Beirut in December 1997, ESCWA was able to introduce administrative procedures/systems for more efficient operations. These initiatives cover such areas as human resources development; simplification of operation procedures; establishment of a United Nations house and the consequent institution of common services; and information technology and communications.

104. The establishment of a United Nations house has been cited by the Secretary-General as a reform initiative. Following ESCWA's move to its headquarters at Beirut, four other United Nations organizations represented at Beirut — UNDP, UNFPA, UNICEF and the United Nations Industrial Development Organization (UNIDO) — relocated their offices to ESCWA headquarters. The Regional Office of UNEP has also expressed its interest in moving its offices to the United Nations house. ESCWA has also worked closely with the other agencies during 1998 to study the modalities of establishing common services and to develop cost-sharing formulas leading to economies of scale. Identification of a bank to provide service in the United Nations house premises is under way.

105. With respect to human resources management, staff development training programme for upgrading the skills of staff has been put in place. In the area of computer training, it is expected that by the end of 1999, all ESCWA staff will be proficient in the use of software utilized by the Organization.

106. Simplification of internal operating procedures covers such areas as wider usage of computer applications, especially the Integrated Management Information System (IMIS); building management; procurement; and the reorganization of certain sections/units of the Administrative Services Division. In building management, outsourcing services in certain key areas has contributed to the achievement of significant savings and improved services. In the area of procurement, improved office automation has assisted in launching the inventory system on a database. Within the Division, the reorganization of the Conference Services Section has led to enhanced productivity within existing resources. Similarly, the General Services Section is now able to accommodate expanded and more advanced communications requirements.

107. With respect to information technology, new software, as well as the application of IMIS and the newly introduced ESCWA Statistical Information System will facilitate access and retrieval of statistical data. Furthermore, ESCWA has launched a year 2000 (Y2K) project to assist member States in their efforts in achieving year 2000 compliance at the national and regional levels for all information and communications technologies utilized. ESCWA is cooperating with United Nations agencies in Lebanon through an inter-agency task force to achieve this.

108. The satellite communication link through the ESCWA satellite earth station established connectivity to worldwide United Nations networks. The main services provided through the satellite link are telephone, fax and data connections, including optical disk system for the Library and, subsequently, IMIS. Through the use of this network, ESCWA will be able to enhance its communications and information technology capability and deliver its services more effectively and efficiently.

III. Trends and activities

109. The regional commissions share a common mandate for raising the level of economic development and cooperation among countries of their respective regions, as well as between them and other parts of the world. Their activities are primarily region specific and tailored to suit the changing requirements of their regional membership. They serve as a forum for articulating regional perspectives on global issues and vice versa. Their analytical work has a dual objective: to provide information and policy analysis on socio-economic developments in the region, and to promote policy debate and exchange of experience in those fields. Their proximity to their member countries has dictated that they also engage in operational activities that are complementary and mutually reinforcing of their normative work.

110. At the same time, as part of the institutional structure of the United Nations, the regional commissions carry out the relevant global mandates emanating from the General Assembly and the Economic and Social Council, which, as reflected in the roles assigned to them, also include follow-up to global conferences. Information on the Commissions' main activities in the past year is included in addendum 2 of the report (E/1999/14/Add.2).

IV. Interregional cooperation

A. Economic and social implications of the international financial crisis

111. Beginning in June 1997, as a series of national financial crises erupted in several of the most dynamic emerging market economies — Thailand, Malaysia, Indonesia, the Philippines and the Republic of Korea, in that

order — the Asian economic crisis spread and deepened enough during 1998 to bring the world to the brink of global financial turmoil. In fact, by late 1998 it brought the world close to a global financial meltdown, with the crisis spreading to the Russian Federation and shortly thereafter to Brazil, putting several other countries under strain. The depth of the crisis and its contagion effect have been of an unprecedented dimension. Unemployment and poverty levels surged, especially in Asia but also in the Russian Federation and Latin America. Events indicate that the Asian economic crisis and the issues arising therefrom have significant regional dimensions requiring policy consideration by the Council.

ECE

112. The Asian crisis of 1997, the Russian debt moratorium and devaluation of August 1998 and the Brazilian crisis in the second half of 1998 are all linked through financial contagion, although the circumstances of each crisis, the relative importance of external shocks and internal weakness, and the subsequent effects on real economic activity differ considerably.[3] Many of the lessons of these events were already being drawn in the transition economies of the ECE region in early 1997 as a result of currency crises in Bulgaria (1996), the Czech Republic (May 1997) and Romania (1997). These latter crises shared many characteristics with those which hit the Asian economies in the second half of 1997.

113. The market economies of Western Europe and the United States initially benefited from the first-round effects of the Asian crisis: a large gain in the terms of trade and the "flight to quality" in the financial markets lowered inflation and interest rates and boosted real incomes. Eventually, however, reduced demand in South-East Asia and elsewhere led to a sharp deceleration in Western European net export growth, which was not completely offset by a more rapid expansion of domestic demand. Western European growth (and forecasts of growth) were steadily lowered throughout 1998.

114. For the transition economies, the main direct effect of the Asian crisis was on the primary commodity producers of the CIS, especially the Russian Federation, where falling oil prices reduced export earnings significantly and contributed to the crash of August 1998. Central and East European exporters also suffered from a loss in competitiveness vis-à-vis Asian exporters on Western European markets due to the devaluation of Asian currencies.

115. For most of Central and Eastern Europe, the impact due to lower import demand in Asia was small because their main trade links are now with Western Europe. Financial contagion was also relatively limited, even for the few countries which are relatively more integrated in the world financial markets. However, the cumulative effect of the Asian, Russian and Brazilian crises and the associated financial instability has had a significant indirect impact on growth in these countries, the principal transmission channel being the slowdown in Western Europe's growth rate. Access to the international capital markets has been reduced for most transition economies, and for those who have retained it the cost of funds has increased.

116. The impact of global financial turmoil on the ECE transition economies was highly diversified. The countries that have made more progress in macroeconomic stabilization, institutional and structural reforms were relatively less affected. Conversely, the worst affected countries were those that had made less progress in transformation reforms and whose economies were blemished by internal weaknesses.

117. For the region as a whole, especially the western market economies, the crisis underlined the weakness of the standard forecasting models in coming to grips with important changes in the structure of the world economy, not least the liberalization of world capital markets. The length and geographical diffusion of the crisis as well as its effects on real economies in 1998 and beyond were seriously underestimated.

118. The crisis has led to serious questioning of the policy prescriptions known as the "Washington consensus", and throughout the ECE region there is a marked reduction in the confidence with which rapid market solutions are advocated over a wide range of economic and social problems.

119. There is increasing awareness of the deflationary bias to economic policies arising from instability in world capital markets and the risks of output growth being depressed below its potentially feasible rate. For the transition economies, anxious to "catch up" with Western Europe, this leads also to the question of whether they can protect themselves from volatile capital movements with instruments other than interest rates.

120. The risks associated with fixed or quasi-fixed exchange rates in attracting a dangerous build-up of short-term capital from abroad are now better understood. Moreover, the policy instruments to deal with financial market volatility in the short run are of limited effectiveness.

121. Therefore, there is increasing stress on the stance of medium-term and long-term policies, especially on structural and institutional changes, to increase the credibility and

effectiveness of national policy and reduce the risks of crises getting out of hand in the first place.

122. In the transition economies, it is increasingly recognized that reform and development of the banking and financial system (including effective systems of governance, accountability and regulation) should have very high priority in the construction of the institutional framework of a market economy.

123. Similarly, privatization is no longer seen as a sufficient condition for deep enterprise restructuring. A weak banking and enterprise sector and (temporary) access to external finance greatly increase the vulnerability of transition economies to external financial shocks.

124. Macroeconomic stabilization is therefore not enough — it must be accompanied by deep structural reforms and institution-building to create an environment that will attract viable investments and thus lay the basis for sustained growth.

125. There should not be any rush to liberalize domestic financial markets before appropriate institutions and regulatory mechanisms are in place (capital account convertibility should not be included in IMF articles of agreement as an ultimate objective for all members).

126. But the problems of financial instability are not entirely located in national economies. There is an inherent source of instability in the international capital markets themselves which needs to be addressed by better international rules and coordination. There is also a case for permitting national, direct controls on short-term foreign capital movements — in fact, most of the transition economies still retain a variety of controls on portfolio investment.

ESCAP

121. The stubborn persistence of the crisis remains the most dominant feature of the economic and social landscape of the Asian and Pacific region. The debilitating impact of the crisis is evident from the fact that developing economies of the ESCAP region as a group recorded a growth rate of close to zero per cent in 1998, as against over seven per cent in 1996 and almost six per cent in 1997. The dismal performance cut across practically all the subregions, with South Asia being the only exception. Several channels of transmission contributed to the rapid contagion. The strong intraregional linkages in terms of trade, foreign direct investment (FDI) and tourism inevitably contributed to the transmission of declining output in one country to the others. Even those countries which were not fully integrated into the regional mainstream were not immune to the contagion effect. Many of them were affected by the generalized fall in commodity prices. The loss of investors' confidence in the emerging markets in general as a direct consequence of the crisis had an adverse impact on capital flows.

128. The close intraregional linkages also implies that recovery in any one country is contingent upon the recovery of others. There has been a vicious interaction between developments in the financial sector and those in the real sector. The financial sector reforms, which included closure of institutions, more stringent capital adequacy requirements and larger provision for loan losses coupled with tight monetary policies, led to sharply higher interest rates and severely constrained access to credit. At the same time, contractionary fiscal policy against the backdrop of falling output and employment caused massive curtailment of domestic demand, which was not compensated for by any significant export expansion. This resulted in the inability of real sector enterprises to generate internal funds. The deadly combination of reduced access to credit, exceptionally high interest rates and severe limitations on the ability to generate internal funds seriously affected the debt-servicing capacity of the real sector. The rising incidence of non-performing loans, in turn, made financial institutions unwilling to extend new credit and sharply reduced the ability of the real sector enterprises to utilize existing capacities, not to mention undertaking new investments. These developments on the domestic front were aggravated by the weaknesses in the economy of Japan, which has become not merely a leading source of FDI but also an increasingly important market for export and a major supplier of bank credit for the developing economies of the region.

129. In the social area, the crisis threatens to reverse much of the past achievements while also constraining the capacity of Governments to intervene. The status of health and education has greatly deteriorated. The increase in unemployment and poverty is likely to lead to a rise in the incidence of crime, violence within the family, mental stress, drug trafficking, begging, prostitution, industrial unrest, environmental neglect, ethnic strife and political discontent.

130. However, a number of positive signs have now emerged despite weakness in other areas, such as inadequate progress in corporate debt restructuring, increasing business failures, weak consumer confidence and rising unemployment. Stock markets, as well as currencies, have recovered substantially from their lowest depths and are showing some signs of stability. Rates of inflation have turned out to be much more subdued. Some easing of monetary and fiscal policies has taken place and interest

rates have tended to decline. Indeed, there are incipient signs that the region is entering the recovery phase.

131. ESCAP has been undertaking in-depth analyses of the causes and consequences of the crisis as a basis for policy suggestions for recovery and for regaining the momentum of economic growth. These analyses were published in the economic and social surveys of Asia and the Pacific 1998 and 1999, and the findings were presented at Commission sessions. ESCAP also convened two seminars to promote a better understanding of policy responses required to deal with the financial and economic crisis in Asia. The seminar on improved management of the financial sector held in May 1998 examined the management issues arising from the evolving process of reform, liberalization and globalization of the financial sector, and recommended measures to maintain internal and external economic stability of the economy for successful pursuit of financial sector reform. The high-level seminar on the theme "Managing capital flows: national and international dimensions" was jointly organized by AsDB, IMF, the World Bank and ESCAP in June 1998.

132. ESCAP analysis of the economic impacts of the crisis suggested a wide range of actions needed at the national, international and regional levels to minimize the possibility of future crises. Those included, at the national level, institutional arrangements for financial sector supervision, enactment and enforcement of appropriate legislation and rules of behaviour by private business in both the financial and real sectors, and transparency in corporate governance; at the international level, consideration for reform of the international financial architecture; and at the regional level, cooperation in developing effective financial sector regulation, the establishment of common prudential standards for the financial industry, regional clearing mechanisms, the use of regional currencies for trade transactions and regional bond markets, development of early warning systems and the establishment of an Asian fund.

133. The major policy recommendations in the area of social development include enhanced budgetary allocations for social services, establishment of a formal social fund, targeting of measures related to employment creation, cash transfers, free or subsidized provision of essential goods and services and credit facilities in the short term, introduction of an effective system of unemployment insurance, and revision of development strategies to minimize vulnerability to crises in the future.

ECLAC

134. The Latin American and Caribbean region was strongly affected by the Asian crisis, beginning in the last quarter of 1997 and continuing until the present. The impact came about through three main channels: (a) financial (speculation against exchange rates, fall in the prices on regional stock markets and decline of capital inflows except at very high prices); (b) trade (deterioration of export prices, fall in the volume of exports and some problems of competition with Asian exporters); and (c) policy measures by regional Governments to deal with problems resulting from the other two channels (tight fiscal and monetary stance).

135. Fortunately for the region, Latin America has some important advantages going into the crisis period. Budget deficits had been sharply curtailed, inflation was declining and at the single-digit level in more than half the countries, and the domestic banking sector had been strengthened. International reserves were high, and the debt profile had been lengthened so that short-term obligations did not pose an imminent danger. In addition, nearly two thirds of foreign capital flows consisted of direct investment, which is the most stable type of capital inflow.

136. Moreover, since they had been through many crises in the past, Latin American Governments were better prepared than their Asian counterparts to deal with the new shocks. When problems appeared in a given country, finance ministers and central bank Presidents were quick to take action. With the exception of Mexico, initial responses tended to centre on defending exchange rates by raising interest rates and sometimes cutting fiscal expenditures. Over time, however, more countries have opted to include devaluation as part of their policy package when faced with the alternative of falling output and loss of reserves.

137. Despite this relatively positive backdrop, Latin America has clearly been hurt by the crisis. The average of the price indexes for the major Latin American stock exchanges fell 42 per cent in the period October 1997–December 1998. The plunge in stock market prices was closely associated with capital outflow from the region, since both foreign and domestic investors wanted to exchange their Latin American holdings for dollars. At the same time, other types of capital also fell off, especially through the bond market. As a result of the outflows associated with the stock market, the lack of new capital to replace them and the growing trade deficit, international reserves fell from their high levels in mid-1997. Between October 1997 and the beginning of 1998, reserves fell by US$ 10 billion, but they later more than regained their initial

level. In the six months from July to December 1998, there was a new fall of US$ 33 billion (mostly centred in Brazil).

138. As a consequence of the multiple waves of the crisis, projections for economic growth in Latin America and the Caribbean were continually adjusted downward. ECLAC's own estimates in September 1997 showed that output in 1998 would grow by around 4.5 per cent. In March 1998, after the initial effects of the crisis had begun to manifest themselves, the figure was lowered to 3.2 per cent. In actuality, growth for the year was only 2.3 per cent. It should be pointed out, however, that there were substantial differences among countries and subregions in patterns of growth. Mexico, Central America and the Caribbean fared much better than their South American neighbours because most of their trade is with the United States, whose economy was growing rapidly. South American trade is more diversified — a greater emphasis on Europe, Asia and the rest of Latin America — so these countries suffered more from the slow growth of their partners. In addition, the Central American and Caribbean countries, which tend to have very small stock markets, escaped the problems from this source even though they had to face severe weather difficulties.

139. As a result of the generally lower growth, unemployment rose from 7.3 per cent on average for the region in 1997 to 7.9 per cent in 1998. The problems were more serious in the second half of 1998 since output also fell most rapidly in that period. The demand for labour weakened in various parts of the formal sector that were hurt by the crisis. As a result, in many cases job creation was concentrated in the informal sector of the economies in 1998, meaning that the workers tended to have lower wages, poorer working conditions and little access to benefits. In the context of a slacker demand for labour, real wages in the formal sector stagnated or fell slightly in most countries. In fact, of the countries having information available, only Chile and Uruguay registered increases of more than one per cent.

140. Needless to say, these problems in the labour market can be expected to be reflected in increased poverty and perhaps in an increase in inequality, which is already worse in Latin America than in any other region of the world. A rapid return to an acceptable growth rate will be crucial to the region's ability to continue the gains in poverty reduction that had been taking place during most of the 1990s.

ECA

141. Africa is impacted by the East Asian crisis through the contagion effects, which are transmitted through three major channels: trade, financial flows and the international environment in which African countries operate. The Asian countries most directly affected account for a relatively modest share of global economic activity — 3.6 per cent of world gross domestic product (GDP), about 7 per cent of world trade, 6 per cent of global FDI inflows, 4 per cent FDI stock and less than 4 per cent of gross international bank lending. What is also known is that no country outside Asia relied on the markets of the five most affected countries for as much as 10 per cent of their total exports, or received as much as 10 per cent of its total merchandise imports from these countries. South Africa and Mozambique, which have the most extensive trade relations with Asian countries, contributed only 4.8 per cent and 1.5 per cent, respectively, to imports of the Asian five in 1996. In the same year, the share of the Asian five in South Africa's imports was 4.1 per cent.

142. The crisis has had variable impact on different countries. Oil producers in Africa have carried the major burden. By the first quarter of 1998, oil prices had fallen by 21 per cent since Asia had been the largest net fuel-importing region since the early 1990s. Consequently, slower Asian growth had kept the price of oil under pressure, which has had a dramatic effect on Nigeria, Angola and Gabon, reducing their terms of trade by 23 per cent and their incomes by 8 per cent. Other commodity prices, which collapsed in 1996 and had not recovered at the onset of the Asian crisis, plummeted further due to falling demand in Asia. The fall in the price of minerals, agricultural products and livestock prices — due to declining Asian demand — have negatively affected non-oil producing countries. On the other hand, the same group of countries benefited from offsetting cheap oil imports. Primary product exports, which are linked to most of the FDI flows to Africa, have suffered.

143. On the whole, Africa has escaped the worst of the financial contagion effects. There are a number of reasons for this. First, as a result of the steadily improving policy environment, Africa is now less susceptible to external financial crisis. In contrast to Asian and Latin American countries, foreign capital inflows are mostly long term and government guaranteed, while private firms have relatively little exposure in foreign currency. Second, African countries are less integrated in the world economy than many other countries. Africa's escape from the financial contagion can be attributed in part of the fact that it has lagged behind other regions in opening up to world trade and private capital flows. Third, Africa's financial systems are still relatively underdeveloped — notwithstanding the financial liberalization in many countries. Banking systems in many countries are just emerging from long periods of weakness, and asset markets are rudimentary in many countries. While

escaping the crisis is good news, the main reason for escaping is not such good news. It shows that despite the positive growth performance of African economies since the mid-1990s, little structural transformation and integration in the global economy has taken place.

144. Besides being bypassed by the crisis, the other good news is the lessons that Africa can learn from it. For Africa, which has not yet suffered from capital flow volatility, the recent crisis has considerably improved the understanding of the issues, and thus the continent's capacity to cushion their effects. Moreover, while the immediate overall impact of the crisis appears minor, there are likely to be second-round impacts in the medium-to-long term that could be far-reaching for Africa, as are some of the issues and lessons to be learned from the crisis by Africa. The crisis is a wake-up call to Africa as financial liberalization proceeds ahead of proper globalization.

ESCWA

145. The ESCWA region has relatively speaking been generally less affected directly by the crisis than other regions in the world. But the indirect effects of the crisis are still significant and could get worse unless it is contained. Indeed, the adverse impact of the financial crisis on Western Asia is relatively less severe compared to the effect of the sharp decline in oil prices since 1997.

146. The adverse implications of the financial crisis in the Far East for the countries of the region stem from its negative impact on the following: the demand for oil; the export of non-oil products by ESCWA member countries; the value of portfolio investments and other assets of member countries; and the risk that all emerging-market countries will be considered as high-risk areas, and thus areas to be shunned by international investors.

147. With regard to the demand for oil, since South-East Asian countries are major importers of oil from the countries of the Gulf Cooperation Council, the financial crisis and its negative repercussions on the economies of countries in South-East Asia have precipitated a decline in the demand for oil from the ESCWA region. For 1997 and 1998, the demand for oil by countries of the Far East was about 400,000 to 500,000 barrels per day, less than had been envisaged prior to the emergence of the financial crisis in July 1997. Thus, the financial crisis caused a decline in economic growth in the Far East, a consequent decline in their demand for oil and hence a reduction in oil exports by ESCWA member countries.

148. Also, the financial crisis precipitated a devaluation in some currencies in countries of the Far East by more than 30 per cent. This has made the exports of these countries very competitive on the international markets, and thus reduced the success being sought by some of the ESCWA member countries in increasing their non-oil exports. This is particularly true in the case of exports of textiles, primarily for Egyptian and Syrian exporters.

149. In addition, some countries, notably Kuwait, incurred a sharp decline in the value of portfolio investments in the countries of the Far East. Among ESCWA members, Kuwait is the country with the greatest portfolio investments in South-East Asian countries, and thus it has suffered considerable capital losses owing to the sharp decline in prices on the Asian stock markets. In addition, the sharp devaluation in the currencies of several countries in the Far East has markedly reduced the value of Kuwait's assets in the Far East in dollar terms.

150. Finally, the financial crisis in South-East Asia and its various adverse effects have shocked international investors. These investors seem now to regard all emerging markets, whether in the Far East or elsewhere, as high-risk countries and thus to be shunned. Several ESCWA member countries, most notably Egypt, are emerging markets with great investment opportunities for international investors. Egypt's current account deficits during the past several years have been relatively low, and Egypt holds more than US$ 20 billion in international reserves, which are sufficient to cover the country's imports for about 15 months. Nevertheless, the bad experience of foreign investors in some countries in the Far East may hamper the flow to countries of the ESCWA region.

B. Cooperation between the regional commissions

151. In its resolution 1998/46, annex III, paragraph 15, the Council encouraged interregional cooperation and regular interaction between the regional commissions in order for them to share each other's best practices, experiences and concrete achievements. Thus encouraged by the Council, the regional commissions have carried out a number of activities in this area during the period under review.

152. For ECE and ESCAP, the implementation of SPECA constitutes an important place in their collaborative efforts. In addition to joint advisory missions and consultations with the Central Asian Republics, operational activities undertaken by ECE in cooperation with ESCAP, within SPECA, have been focused on the following: transport infrastructure and border-crossing facilitation; rational and efficient use of the energy and water resources of Central

Asia; an international economic conference; regional cooperation in developing a multi-choice approach to hydrocarbon supply routes through pipelines to world markets; and industrial restructuring with a view to creating internationally competitive manufacturing industries.

153. With regard to the future course of action, at an informal consultation held with the participating delegations from SPECA member countries during the fifty-fifth annual session of ESCAP, the forthcoming summit meeting of the Inter-State Council in Kyrgyzstan in summer 1999 was viewed as an excellent opportunity to discuss SPECA and arrive at a consensus view on the future development of the programme. In that regard, Kyrgyzstan offered to include discussion on SPECA in an expert group meeting at Bishkek preparatory to the substantive session of 1999 of the Council.

154. In addition, joint activities have been developed between ECE and ESCAP in the field of energy efficiency and conservation, primarily in the Central Asian Republics and the Russian Federation. Both bodies have jointly carried out guidelines for application of energy conservation laws in CIS member States. Further joint activities in Kazakhstan and the far East of the Russian Federation are to be elaborated this year, within the newly approved United Nations International Partnership Trust Fund energy efficiency investment project for climate change mitigation.

155. ECE and ESCAP have also organized joint seminars on the implementation of the United Nations Framework Classification for Reserves/Resources of Solid Fuels and Mineral Commodities at Bangkok on 15 and 16 October 1998; and at Jakarta on 16 and 17 December 1998. These seminars were organized in accordance with Council decision 1997/226, in which the Council invited States members of the United Nations, international organizations and regional commissions to consider the possibility of taking appropriate measures for ensuring worldwide application of the Framework Classification.

156. In trade facilitation, a seminar on trade facilitation and electronic data interchange was organized jointly by ECE and ECA, at the request of the Nigerian trade agency, for participants from Nigeria in March 1999, the experience of which has been positively reviewed. Further similar seminars are being considered for other ECA countries.

157. ECA is also cooperating with ECE on the project for a Europe-Africa permanent link through the Strait of Gibraltar; and with ESCAP on developing the African private sector within the framework of South-South cooperation. ECA will be participating in an ECLAC-coordinated comparative study on social safety net programmes involving all five regional commissions.

158. With regard to interregional cooperation also involving UNDP, a project jointly prepared by ESCAP and ECLAC for strengthening interregional cooperation in trade and investment between Asia and Latin America has been approved for funding by the UNDP Special Unit on Technical Cooperation Among Developing Countries. The project will be implemented by the two Commissions.

159. The stabilization and adjustment measures implemented in many developing countries in different regions since the 1980s and more recently the financial crisis have drawn attention to the need to institute social safety net programmes in order to mitigate the short- and medium-term impact of the economic measures on the disadvantaged segment of the population. To address this felt need, regional commissions, under the umbrella of the Executive Committee for Economic and Social Affairs, have initiated a joint project for a comparative study on social safety net programmes. The project will produce four regional and one interregional overviews of the main lessons regarding positive elements with such programmes over the past two decades. The studies should enable understanding as to how well the various safety net programmes have performed in terms of equity and efficient allocation of resources. The programmes will be systematically analysed in the context of problem-solving proposals, taking into account the economic, social and political contexts in which they were applied. The project will need a year's time for completion following its inception.

V. Report of the Executive Secretaries

160. The Executive Secretaries of the five regional commissions met in New York on 26 July 1998, 16 September 1998 and 14 January 1999, in conjunction with the substantive sessions of the Council and the Executive Committee for Economic and Social Affairs, respectively, and at Beirut on 29 May 1999. At those four meetings, the Executive Secretaries reviewed development issues as they relate to their respective regions and that warrant cooperation among the regional commissions and with other relevant bodies and programmes. The Executive Secretaries also exchanged views on recent measures taken by each of the regional commissions to consolidate their reform and make their activities more relevant, effective and efficient.

161. The Executive Secretaries considered the issue of globalization and its impact on their respective regions. The proximity of the regional commissions to the affected

countries and regions has enabled them to follow closely the international financial crisis and its impact. They noted that three out of the four regional commissions which were holding sessions in 1999 focused on the theme of the financial crisis and financing for development. They also noted that on the basis of Asian and Latin American experience, it appears appropriate to rethink the role of regional and subregional institutions. The Executive Committee for Economic and Social Affairs paper on financial architecture, to which the regional commissions made a significant contribution, stresses an international financial order that includes, as indispensable, a network of regional and subregional reserve funds and development banks that would contribute to the stability of the world economy and more equitable conditions at the global level. Developing countries and transitional economies should also work to strengthen the existing regional and subregional financial agencies and support them with new mechanisms for cooperation. The Executive Secretaries also noted that the adverse social implications of the crisis were very significant and are likely to be felt for years to come. In this connection, the proposed comparative study by the regional commissions on social safety net programmes that consist of a variety of mechanisms for mitigating the social impact of the crisis would be an important and timely undertaking. This would also strengthen the interaction between the regional commissions and their sharing of relevant experiences, as called for in Council resolution 1998/46, annex III.

162. In reviewing the reform and restructuring of their respective organizations in the broader context of the reform of the United Nations, the Executive Secretaries took stock of the progress achieved and the positive measures taken by the Secretary-General at the secretariat level for coordinating the work of the regional commissions with that of the other relevant parts of the Organization. In this regard, they noted that their membership in the Executive Committee for Economic and Social Affairs has contributed to the integration in policy discussions and follow-up action of the regional dimension of developmental issues and problems. Similarly, their participation in the Senior Management Group and the Steering Committee on Reform and Management, through video conferencing or when present in New York, has facilitated a comprehensive dialogue on the challenges facing the Organization, including the need to be more effective and efficient. In this connection, the recent decision by the Secretary-General to involve the Coordinator or another Executive Secretary in the meetings of ACC was also very much welcomed.

163. The Executive Secretaries noted that their representation at UNDG meetings has facilitated the active involvement of the regional commissions in the common country assessment and UNDAF processes. They noted that the active and substantive involvement of the regional commissions in the implementation phase of this process offers a challenge both for the regional commissions and the resident coordinator system. With respect to the regional commissions' relations with UNDP, the Executive Secretaries noted that both the regional commissions and UNDP are committed to improved cooperation, of which the draft strategic compact is a reflection. Notwithstanding the fact that UNDP's role as a funder has been de-emphasized, they believe that new opportunities should be sought for a closer working relationship and cooperation between the regional commissions and UNDP on establishing regional and subregional priorities, on joint initiatives on the core issues at the regional level, jointly undertaking flagship projects, and interregional projects involving UNDP and two or more regional commissions with catalytic funding by UNDP.

164. At the regional level, in its resolution 1998/46, annex III, the Council calls for optimizing the convening power of the regional commissions as important mechanisms for articulating regional perspectives and global issues. The Secretary-General's initiative in holding regional hearings in the coming few months, involving Member States, civil society and NGOs, will support this goal and provide important inputs into the preparations for the Millennium Assembly.

165. The Executive Secretaries expressed their genuine satisfaction with the outcome of Council resolution 1998/46, annex III, with respect to improving coordination among the activities of the organizations of the United Nations system at the regional level through the holding of regional inter-agency meetings under the chairmanship of the Deputy Secretary-General.

166. At the global intergovernmental level, however, the Council may wish to further consider ways to improve interaction with the intergovernmental bodies of the regional commissions. In the view of the Executive Secretaries, strengthened policy dialogue is essential for improving the structural relationship between the regional commissions and the Council. For example, the participation of chairpersons or members of the bureaux of the regional commissions could be requested at the sessions of the Council whenever the agendas of sessions of the commissions are relevant to the Council's deliberations. At the organizational session, the Council could also request the participation of one or more Executive Secretaries whenever the commissions have

proven knowledge and expertise in a topic with a regional dimension under consideration by the Council. In this connection, the participation of the Executive Secretaries, through vide conferencing, in the UNCTAD Trade and Development Board's dialogue with the Second Committee at the fifty-third session of the General Assembly on the impact of the financial crisis on their respective regions, is viewed as a very positive contribution.

Notes

[1] Pursuant to resolution 553(XXVI), adopted by ECLAC at its twenty-sixth session, an ad hoc working group open to all ECLAC members was established to define priorities for the work programme and to recommend to the Commission strategic directions for its future activities.

[2] This mandate was renewed by the Commission in its resolution 565(XXVII), adopted at its twenty-seventh session in 1998.

[3] For discussions of the effects of the Asian and Russian crises on the ECE region can be found in the *Economic Survey of Europe*, 1998 No. 1, pp. 12–23 and pp. 50–82 (which includes a study of the 1997 Czech crisis) and *idem*, 1998 No. 3, pp. 7–13 and pp. 30–48.